GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:1424
ANSWERED ON:09.03.2017
Air India Revenues
Maragatham Smt. K.

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether Air India has reported better revenues for financial year 2016-17 on the back of better operational parameters, if so, the details thereof;

(b) whether one reason for an increase in the topline is the increase in the passenger load factor, if so, the details thereof;

(c) whether due to the introduction of flights on routes like Delhi-San Francisco, the utilization of aircraft like the Boeing- 777, LR has improved to 14.07 hours as opposed to just three hours prior to that which would help in increasing the revenue; and

(d) if so, the details thereof and the steps taken by the Government to improve the revenues of Air India?

Answer

Minister of State in the Ministry of CIVIL AVIATION

(Shri Jayant Sinha)

(a) & (b) : Yes, Madam. Air India is expecting to report better revenues in Financial Year 2016-17 when compared to FY 2015-16. In fact, the company is expecting to have a total revenue of Rs. 22521 crores as compared to the figure of Rs. 20526. 11 crores in FY 2015-16 which is an improvement of around 9.7% over the previous year.

The main reason for this increase in revenues is an improvement in capacity utilization in terms of Revenue Passenger Kilometers (RPKMs) by 6.8% and an increase in Passenger Carriages by 6.2% when compared to the previous year 2015-16. The Passenger Load Factor is also expected to increase by 1.2% in absolute terms i.e. from 75.6% in FY 2015-16 to 76.4% in FY 2016-17.;
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(c) : Yes, Madam. From November, 2015, in addition to Riyadh route, B777-200 LR was deployed on Delhi-London route (AI-161/162) and from December, 2015 on Bangalore ?Delhi- San Francisco route (AI-173/174). This has helped in increasing operating utilization of B777-200 LR over 14 hours per day from November, 2015 onward.;
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(d) : Government had approved a Turnaround Plan (TAP) / Financial Restructuring Plan (FRP) for operational and financial turnaround of Air India. The TAP/FRP provides equity infusion of Rs.30231 crores upto 2021 subject to achievement of certain milestones as laid down in the TAP/FRP. The Company has made substantial progress in both Operational as well as Financial Areas as per TAP Milestones. As a part of the Turnaround Strategy for Air India Ltd., the company, with the overall support of the govt., has initiated a number of steps in order to cut costs and losses. These steps, inter-alia, include the followings: ;
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i. Route rationalization of erstwhile AI & IA route and elimination of route network involving parallel operations.
ii. Rationalization of certain loss making routes.
iii. Phasing out of old fleet and consequential reduction in maintenance cost.
iv. Joining of Star Alliance.
v. Enhanced utilization of new fleet resulting in production of higher Available Seat Kilometers (ASKMs).
vi. Closure of overseas offline offices at certain locations.
vii. Introduction of PSS (Passenger Service System) to have single code and SAP ERP based solutions throughout the organization in terms of increase in revenue and decrease in cost.;
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The following steps have also been taken by Air India to improve revenues:;
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i Introduction of New Routes.;;
ii Preferred seat selection on domestic and international routes.;
iii Flash Sale of seats to increase revenues and PLF.;
iv To utilize unsold inventory/launching of airfare equivalent to Rajdhani IIAC fare on select sectors.;
v Dynamic pricing and introduction of Advance Purchase fare.;
vi Various sales and Marketing Initiatives.